Statement

Insurance Association of Connecticut

Labor and Public Employees Committee

February 26, 2013

SB 907, An Act Concerning Additional Requirements For An Employer's Notice To Dispute Certain Care Deemed Reasonable For An Employee Under The Workers' Compensation Act

The Insurance Association of Connecticut opposes SB 907, An Act Concerning Additional Requirements For An Employer's Notice To Dispute Certain Care Deemed Reasonable For An Employee Under The Workers' Compensation Act.

By shifting the burden from the medical provider to support the treatment for the Workers' Compensation claimant to the employer/insurer to dispute the treatment, SB 907 will markedly increase medical utilization, resulting in excessive and improper care under the Workers' Compensation Act.

SB 907 in effect creates a "presumption of correctness" for the medical provider's treatment plan. California had a similar presumption years ago, which resulted in an explosion of Workers' Compensation medical costs. The presumption was repealed in 2004 as a key part of California's reform legislation, which resulted in major cost reductions. We know of no evidence that those reforms adversely affected the efficacy of medical treatment provided injured employees in that state.

SB 907 would put unfair restrictions on an employer's or insurer's ability to challenge a medical treatment plan, and would prevent the discontinuation of a disputed medical treatment until the completion of a hearing and the issuance of a written decision by a Workers' Compensation Commissioner. During that period the

employer/insurer will be forced to pay for care that may be unnecessary or even dangerous to the employee's health, may be unrelated to the claimed work-related injury, or may be palliative instead of curative. There is also no provision in SB 907 to require the employer/insurer to be repaid for costs associated with any such treatment that is ultimately found to be improper, thereby unnecessarily increasing workers' compensation medical costs.

Subsection (c) requires employer's independent medical examinations (IME) to be scheduled and conducted within two weeks of the employee's receipt of notice from the employer. The IME is required for any such employer/insurer challenge. Such a standard would, in effect, deny the employer/insurer the right to challenge medical treatments, since IMEs simply cannot be conducted in that timeframe.

SB 907 also establishes a vague standard for claimant choice of treatment in subsection (d) that invites further confusion, increased costs and potentially compromised quality of care under the Workers' Compensation Act.

SB 907 will significantly increase administrative costs for the parties. Medical costs will be markedly increased, and the resulting excessive medical utilization will likely cause injured workers to stay out of work longer, thereby increasing Workers' Compensation indemnity costs as well.

In fact, in the 2011 legislative session the Office of Fiscal Analysis found "a potential significant impact to state and municipalities" concerning similar legislation. Such legislation was properly defeated in 2011 and again in 2012.

IAC urges rejection of SB 907.